# MESSAGE

OF

# ANDREW G. CURTIN,

## GOVERNOR OF PENNSYLVANIA,

TO THE LEGISLATURE, 1862.

Ex. Doc.

# MESSAGE.

*To the Honorable the Senate and House of Representatives of the Commonwealth of Pennsylvania:*

GENTLEMEN:—It has pleased Divine Providence, during the last season, to give us abundant crops, unbroken peace within our borders, unanimity among our people, and thus to enable this Commonwealth to do her full duty to the country, to herself, and to posterity. For these blessings we have cause to be grateful.

| | | |
|---|---|---|
| The balance in the Treasury on the 30th November, 1860, was | | $681,433 08 |
| The receipts during the fiscal year ending November 30, 1861, were as follow:— | | |
| From ordinary sources | $3,017,645 57 | |
| From temporary loan under act of April 12, 1861, at 6 per cent. interest, and negotiated at par | 475,000 00 | |
| From 6 per cent. loan under act of May 15, 1861, also negotiated at par | 2,612,150 00 | |
| From Society of Cincinnati | 500 00 | |
| From United States, on account of military expenses | 606,000 00 | |
| From Paymasters and others, refunded | 32,229 45 | |
| | | 6,743,525 02 |
| Total into Treasury for fiscal year ending November 30, 1861, | | 7,424,958 10 |
| And the payments as follow: | | |
| For ordinary purposes | $3,144,480 34 | |
| For military expenses, under act April 12, 1861 | $474,873 85 | |
| Ditto, act May 15, 1861 | 1,708,462 68 | |
| Ditto, act May 16, 1861 | 170,535 51 | |
| | 2,353,872 04 | |
| Amount loan under act April 12, 1861, repaid | 375,000 00 | |
| | | 5,873,352 38 |
| Leaving balance in Treasury, November 30, 1861 | | 1,551,605 72 |

PUBLIC DEBT—FUNDED AND UNFUNDED.

| | | |
|---|---|---|
| Received from temporary loan, under act of April 12, 1861 | $475,000 00 | |
| Repaid as above | 375,000 00 | |
| Outstanding November 30, 1861 | | $100,000 00 |
| Received from loan under act May 15, 1861 | | 2,612,150 00 |
| Amount of public debt, funded and unfunded, November 30, 1860 | $37,969,847 50 | |
| Paid during fiscal year | 101,331 42 | |
| Remaining unpaid, (exclusive of military loans above mentioned,) November 30, 1861 | 37,868,516 08 | |
| | | 37,868,516 08 |

RECEIPTS AND EXPENDITURES OF MILITARY LOANS.

| | | |
|---|---|---|
| Receipts under the act of April 12, 1861 | $475,000 00 | |
| Do. do. May 15, 1861 | 2,612,150 00 | |
| From Paymasters and others, refunded | 32,229 45 | |
| | | $3,119,379 45 |
| Paid for military expenses, as above | 2,353,872 04 | |
| Paid for redeeming loan, act April 12 | 375,000 00 | |
| | | 2,728,872 04 |
| Unexpended of military loans | | 390,507 41 |

RECEIPTS AND EXPENDITURES OF ORDINARY REVENUE.

| | | |
|---|---|---|
| Balance in Treasury, from ordinary sources, November 30, 1860 | $681,433 08 | |
| Received from ordinary sources during fiscal year | 3,017,645 57 | |
| | 3,699,078 65 | |
| Paid for ordinary expenses, as above | 3,144,480 34 | |
| Unexpended of ordinary revenue | | 554,598 31 |
| Received from United States on account of military expenses, | | 606,000 00 |
| Received from Society of Cincinnati | | 500 00 |
| Balance in Treasury, as above | | 1,551,605 72 |

It will be observed that the fiscal year ends on the 30th of November, and the sinking fund year on the first Monday in September, which accounts for the apparent deficiency in the amount of debt paid as stated in the Treasurer's report, and by the Commissioners of the Sinking Fund. The State has on hand a surplus of uniforms and equipments which cost about $190,000, which the United States have agreed to take and pay for at cost. Arrangements have been made with the General Government for the re-imbursement of the military expenses of the State since the 27th of July last. The bills as paid are forwarded to Washington and partial re-payments have already been made.

It will be observed that the receipts from ordinary sources of revenue for the year 1861, have decreased, but as payments have been made on some of them since the settlement at the end of the fiscal year on the 1st of December, and more may reasonably be expected in addition to the payments to be made by the National Government as hereinafter stated the balance available in the Treasury will be largly increased.

It will also be observed that it has not yet been found necessary to call in all of the loan effected under the act of the 15th of May last.

In some items the ordinary revenue of 1861 was in excess of that of 1860.

The loan authorized by the act of May 15, 1861, was taken at par. This occurrence, most gratifying under all the then existing circumstances of embarrassment, affords triumphant evidence of the confidence of the people in the stability and integrity of the Commonwealth, and of their determination to support the Government.

The operations of the sinking fund during the last year, have been as shown by my proclamation of 5th of September last as follow:

| | | |
|---|---|---|
| Debt redeemed from 4th September, 1860, to 1st September, 1861 | | $300,801 01 |
| Of stock loans | $300,050 00 | |
| Of interest certificates | 3,330 01 | |
| Of relief notes | 421 00 | |
| | | $300,801 01 |

I refer to the reports of the State Treasurer and Auditor General, for the details of the financial affairs of the Commonwealth. The reports of the Surveyor General and State Librarian will exhibit the state of the departments under their care.

The Commissioners of the Sinking Fund during the last spring received from the Philadelphia and Erie (late Sunbury and Erie) railroad company, forty bonds of that company for $100,000 each, and a mortgage to secure the same, executed in conformity with the third section of the act of March the 7th, 1861. That company has also deposited in the State Treasury its bonds to the amount of $5,000,000 00, in accordance with the sixth section of the same act. On the 9th of May last I granted my warrant authorizing the State Treasurer to deliver to the said company, one thousand of said bonds, being to the amount of $1,000,000 00. This warrant was issued in conformity with the law, the five per cent. bonds mentioned in the fifth section of the act (except those belonging to the State and now in the sinking fund) having been previously surrendered and cancelled, and satisfaction entered on the record of the mortgage mentioned in said fifth section. Having received notice from the company that the bonds so delivered to the company or their proceeds had been appropriated, in accordance with the provisions of the law, on the 21st of June last I appointed John A. Wright as Commissioner to examine and to report to me whether said bonds or their proceeds had been appropriated to the purposes required by the act. His report has not yet been received by me.

It is understood that arrangements have at last been made under which the direct railroad connection between Philadelphia and Erie will be completed within a short time. It is impossible to estimate too highly the importance of this great work to the Commonwealth, and especially to Philadelphia and Erie and the hitherto neglected counties near its route west of the Susquehanna.

By the act of the 21st April, 1858, for the sale of the State canals to the Sunbury and Erie railroad company it was provided that if that company

should sell said canals for a greater sum in the aggregate than three and a half millions of dollars, seventy-five per centum of such excess should be paid to the Commonwealth by a transfer of so much of such bonds and securities as said company should receive for the same and payable in like manner.

The company sold the canals and reported that the share of the profit on such sale, due to the Commonwealth was $281,250 of which $250 was paid in cash and for the remaining $281,000 the Commonwealth received coupon bonds of the Wyoming canal company to that amount, being a portion of bonds for $900,000 issued by that company and secured by a mortgage of the Wyoming canal, formerly called the Lower North Branch canal. These bonds bear an interest of six per cent. per annum, payable semi-annually on the 15th of January and July, and the interest was paid by the company to January last inclusive. The interest due in July last has not been paid.—Judgments having been obtained against the company on some of the coupons for the unpaid July interest, a bill in equity was filed in the Supreme Court by a bond and stockholder in which such proceedings were had that by a decree made on the 2d September last the property and affairs of the company were placed in the hands of a receiver.

A plan has been suggested for the assent of the stock and bondholders which contemplates a sale of the canal under lawful process and a purchase of the same for the purpose of forming a new company, of which the capital stock shall be one million of dollars, divided into twenty thousand shares of fifty dollars each, of which each assenting holder of a mortgage bond for one thousand dollars shall be entitled to eighteen shares, and each assenting holder of fifty shares of stock of the Wyoming canal company shall be entitled to nine shares. Of course no officer of the Commonwealth had authority to assent to the proposal or in any way to affect her position. It is believed also that the plan is not one that ought to be assented to by the Commonwealth, and that under all the circumstances, if the convenience of individual parties requires a change such as proposed, the debt due to the Commonwealth ought to be first paid or fully secured.

I suggest that the act passed 8th of April, 1861, entitled "An Act concerning the sale of railroads, canals," &c., should be modified so that in all cases in which a debt may be due to the Commonwealth by the company as whose property a public work may be sold, the purchasers thereof shall not be entitled to the benefits and privileges conferred by the act unless they shall have first paid the debt due to the State, or secured the same by their bonds to the Commonwealth secured by a first mortgage on the work itself.

I commend the subject to the immediate consideration of the Legislature, as an effort may be made at an early day to enforce a sale of the canal, and some provision by law to protect the interests of the State would in that case be necessary.

The wicked and monstrous rebellion which broke out many months ago, has not yet been quelled. Every sentiment of loyalty and patriotism demands its effectual suppression.

In my messages of the 9th and 30th of April last, I set forth at length my views of the character and objects of the contest which is still pending. Subsequent reflection has confirmed me in the correctness of the opinions then expressed, and to which I refer. In addition it ought to be understood, that looking to the variety and character of her products and industry, her material interest alone would render the preservation of the Union from the present assault upon it, indispensable to Pennsylvania. She cannot afford to have a foreign power below or above or bounding her on the Delaware, the Chesapeake or the Mississippi, and she will never acquiesce in such a result, whatever may be the cost in men and money of her resistance to it.

On the 9th of April last I directed the attention of the Legislature to the necessity which existed for an improved military organization, and on the 12th of the same month the act, entitled "An Act for the better organization of the militia of this Commonwealth," passed, appropriating the sum of $500,000 for the purpose of organizing, equipping and arming the militia. On the 15th of April the President, by proclamation, called for a military force of seventy-five thousand men, of which the quota assigned to Pennsylvania was at first sixteen (afterwards reduced to fourteen) regiments to serve as infantry or riflemen for the term of three months unless sooner discharged. This call was enthusiastically responded to by the people of Pennsylvania. The first military aid from the loyal States, which the Government received at Washington, was a Pennsylvania corps which arrived there prior to the 19th of April. On that day the passage of other corps from this and other States through Baltimore was impeded by force and during nearly two weeks afterwards the communication between Washington and the loyal States was almost entirely cut off. On the 19th I received a request from the War Department that the troops preparing in this State should be clothed, armed, equipped, subsisted and transported by the State in consequence of the then inability of the United States. This request was of course complied with, and twenty-five regiments, (being eleven regiments beyond our quota,) comprising twenty thousand one hundred and seventy-five men from Pennsylvania served for the term of three months under the President's proclamation above referred to. As the furnishing those volunteers with supplies was necessarily under the circumstances a hurried operation, and as complaints were made in regard to them, and frauds were alleged to have been perpetrated, I appointed a board of commissioners to investigate the whole subject. A copy of their report with the evidence taken by them has been already laid before the public. It is the intention of the Auditor General to open the accounts of such parties as appear by the testimony to have been overpaid and this course has already been taken in two of those cases.

On the expiration of the term of the three months men in July last, some eight or ten thousand discharged Pennsylvania volunteers were thrown into Harrisburg without notice and detained here, waiting to be paid, for an average time of some ten days. Their tents, camp equipage and cooking utensils had been taken from them at Williamsport, Maryland, and they arrived here destitute of all means of shelter and of preparing their food. The Commissary of the United States furnished uncooked rations, and under the cir cumstances of emergency I deemed it necessary to make arrangements for aiding in the cooking and baking of the rations, and also for furnishing meals to such of the regiments as arrived during the night or under circumstances requiring instant relief. The expenses attending these operations amounted so far as ascertained to $744 20, and I recommend that the Legislature make an appropriation to pay them. It ought to be stated that these expenses would have been much larger, but for the liberal and patriotic efforts of the citizens and especially the ladies of Harrisburg; their free-handed hospitality and generous aid to our wearied and hungry soldiers, deserve remembrance and gratitude.

At the special session of the Legislature which commenced on the 30th of April last, I recommended the organization of a Reserve Corps, to be armed, equipped, clothed, subsisted and paid by the State, and drilled in camps of instruction, in anticipation of the exigencies of the country, and by the act of the 15th of May last, such a corps was directed to be raised, and a loan of $3,000,000 was authorized to defray the expenses of that and other military preparations. Men more than sufficient in number to form some ten regiments of the Reserve Corps had, previous to the 15th of May

been accepted by me in pursuance of a call on me (afterwards rescinded) for twenty-five regiments, and were then already assembled and subject to my control. Most of these men volunteered for the Reserve Corps and were immediately organized. The remaining regiments were rapidly recruited and the corps was thus completed, and George A. M'Call, of Chester county, was commissioned as Major General, and assigned to the command of all the forces raised or to be raised under the provisions of the last mentioned act. The regiments composing the Reserve Corps were instructed in four camps in different parts of the State, until they were taken into the service of the United States. Two of these regiments, under the commands of Colonels Charles J. Biddle and Seneca G. Simmons, and two companies of artillery under the command of Col. Charles T. Campbell at the pressing instance of the War Department were sent on the 22d of June last to the relief of Col. Wallace, at Cumberland, and remained for about six weeks there, and in Western Virginia engaged in active operations.

Towards the close of July the whole corps was called for under requisition, and taken into the service of the United States. Within four days after the disaster at Bull's Run, eleven regiments of this fine body of men (armed, drilled, clothed, equipped, and in all respects ready for active service) were in Washington. The regiments and companies from Western Virginia and the remaining two regiments making the whole number of fifteen, soon joined them there, and they are all now in service under the command of Gen. M'Call, who has been commissioned as a Brigadier General by the United States.

These fifteen regiments contain fifteen thousand eight hundred and fifty-six men, and constitute a division comprising three brigades, a regiment of artillery and one of cavalry. The whole expense of raising, clothing, equipping, subsisting and paying the Reserve Corps, (including the expense of establishing and fitting the camps of instruction, of recruiting, and supplying regimental flags, and the expenses of the campaign of the two regiments and companies in Maryland and Western Virginia, which were all defrayed by the State,) has amounted to $855,444 87. This does not include the transportation on railroads, as the separation of that account would have been a work of great labor, nor does it include the pay of the two regiments during the campaign, but it does include all the expenses, which were heavy, of teams and transportation, not on railroads, for the two regiments on the campaign above mentioned. Twelve regiments of the Reserve Corps were paid, subsisted, &c., by the State to the average date of 22d July. The two regiments in Western Virginia were paid by the State to the date of their departure from Harrisburg on that expedition. The cavalry regiment was not paid by the State. It will be perceived that the whole average expense per man was $53 95.

Previous to the 31st of April last, a regiment had been enlisted in the city of Erie from North-western Pennsylvania. When the call was made on me on that day, for twenty-five additional regiments, the Erie regiment was ordered to march to Harrisburg. The call was rescinded, however, before the regiment reached Pittsburg, and I ordered it to encamp at that city, where it remained until the 30th of June. The National Government declined to muster the regiment into service—as all existing requisitions made on the State were more than filled.

Much apprehension existed in the Western and South-western borders of the State, and it was deemed prudent to retain the regiment at Pittsburg to meet any emergency that might arise. After the passage of the act of 15th May, 1861, it was expected that this regiment would form part of the Reserve Volunteer Corps; but as the men had been a long time from home and remained

inactive in camp, they declined entering the service, and were subsisted and paid up to the 30th of June by the State. Two regiments have since been enlisted from the same part of Pennsylvania at the city of Erie, one of which has been at Washington in service since September, and the other is now ready for marching orders—and it is due to the first Erie regiment to say that most of the men are now in service.

Further requisitions for sixteen regiments of infantry and two regiments of cavalry were shortly afterwards made by the War Department. Of these, sixteen have already been raised and are in the service of the United States, and the remaining two are in the course of organization and nearly ready to march.

In addition to the requisitions on the State, the War Department had given authorities to numerous individuals to raise volunteers in Pennsylvania, but as that system was found to create much embarrassment, a general order was issued by the War Department on the 25th of September last, placing all all such organizations under the control of the Governor, and shortly afterwards a requisition was made on the State to increase her quota to seventy-five thousand men. Those independent organizations, as they were called, thus became Pennsylvania regiments and as completed and sent forward form part of the quota of the State.

The State regiments have been numbered, and the last to this date is numbered one hundred and fifteen. Two of the three months' regiments have continued in service under the later requisitions, and retain their original numbers. Deducting the remaining twenty-three three months' regiments, there are ninety-two regiments in service and preparing for it. We have also in service and preparing twenty-four companies.

The following table of the existing Pennsylvania volunteer force is given for information:

REGIMENTS IN SERVICE.

| | |
|---|---|
| 66 regiments of infantry, of which 6 were rifle regiments | 71,189 |
| 11....do.....cavalry | 12,690 |
| 1 regiment of artillery | 1,077 |
| | 84,956 |

COMPANIES IN SERVICE.

| | | |
|---|---|---|
| 7 companies of infantry | 707 | |
| 6....do.....cavalry | 578 | |
| 6....do.....artillery | 936 | |
| | — | 2,221 |
| | | 87,177 |
| Enlistments in other than Pennsylvania organizations, estimated, (the officers of which are in course of being commissioned,) | | 6,400 |
| Total in service | | 93,577 |

REGIMENTS PREPARING FOR SERVICE.

| | | |
|---|---|---|
| 12 regiments of infantry | 13,092 | |
| 1 regiment of cavalry | 1,136 | |
| 1....do....artillery | 1,077 | |
| | | 15,305 |

COMPANIES PREPARING FOR SERVICE.

| | | |
|---|---|---|
| 1 company of cavalry | 109 | |
| 4 companies of artillery | 624 | |
| | | 733 |
| | | 16,038 |
| In service | | 93,577 |
| Preparing for service | | 16,038 |
| Pennsylvania's contribution | | 109,615 |

Exclusive of 20,175 three months' men, now disbanded.

The regiments preparing for service are incomplete. Those that may not be filled by the 16th instant will be consolidated and sent forward. Of the regiments in service, the 11th and 15th regiments of infantry are at Annapolis; the 28th, 29th, 21st, 66th, 69th, 71st, 72d and 106th regiments and one company of infantry are in the command of Major General Banks; the 45th, 50th, 55th, 76th and 100th regiments of infantry are in South Carolina; the 48th infantry are at Hatteras Inlet; the 108th infantry and 11th cavalry are at Fortress Monroe; the 77th, 78th and 79th infantry, the 7th and 9th cavalry, one troop of horse, one squadron of cavalry, two battalions of artillery are in Kentucky; the 84th and 110th infantry are in Western Virginia, as are also three companies of infantry, four companies of cavalry, five companies of light artillery; the 87th infantry are at Cockeysville, in Maryland; one company of artillery is at Fort Delaware; all the remainder of the volunteers are at or near Washington. Upwards of three hundred volunteers from Pennsylvania are now prisoners, but as arrangements have been made for the exchange of prisoners it may be expected that they will soon be released.

In compliance with the joint resolutions of the 16th of May last, I have procured regimental flags for the Pennsylvania volunteers, and have presented them in person to most of the regiments. In other cases, the regiments being on or near the Potomac, I have requested Mr. Cowan, Senator, and Messrs. Grow and Wright, members of the House of Representatives, from Pennsylvania, to present them in the name of the Commonwealth.

The General Government requested that the States would abstain from purchasing arms, as their competition was found injurious in the market, and in view of the large expenditures of money in arming and equipping the volunteer force of the State, provided for the defence of the National Government, I did not purchase any as authorized by the twenty-eighth section of the act of the 15th of May, 1861. The State has now quite as many arms as are necessary to arm all her volunteer organizations in existence; but, influenced by the threatening aspect of our relations with foreign governments, I have directed the Adjutant General to procure arms as soon as it can be done on reasonable terms and without injurious competition with the National Government. Arms have been distributed among the border counties to all the organizations that have been formed to receive them. One thousand nine hundred and thirty arms have been thus distributed. I have also addressed a letter to the commissioners of all the border counties, offering arms to them as soon as military organizations shall be formed to receive them. Besides thus complying with the requirements of the twenty-seventh section of the act of 15th May last, I have deemed it prudent to offer five thousand arms to such military organizations as may be formed in Philadelphia on a plan to be approved by me as Commander-in-Chief. Muskets and rifles to a considerable extent have been furnished to the Pennsylvania volunteers from the State

arsenal. Others have been sent by the United States authorities to arm them before leaving the State. In some cases regiments have gone without arms under assurances from the War Department that they would be armed at Washington or other near designated points, and that their immediate departure was required. It was thought wise in these cases not to insist on the arms being sent before the regiments marched, as this would have imposed on the government an unnecessary expense in freight, and would have been productive of delays which might have been seriously detrimental to the public service. Forty-two pieces of artillery with limbers, caissons, forges, ammunition wagons, harness and all the necessary implements and equipments were furnished by the State to the artillery regiment of the Reserve Corps. Ten of these were purchased by the State, and their cost has been refunded by the United States. Diligence has been used in collecting arms throughout the State and repairing and altering them in the most approved manner.

The State has now 62 pieces of artillery, of which 17 need repairs.—26,753 muskets and rifles, some of which are in the hands of mechanics being repaired; 1,910 are in the hands of volunteer corps throughout the State; 1,930 in the possession of county commissioners, and 1,000 with the reserve corps of Philadelphia.

In addition to this the city of Philadelphia has 9 pieces of rifled artillery, and 4,976 muskets and rifles.

The State has also in the arsenal at Harrisburg 1,966 sabres and swords, and 1,957 pistols, and the city of Philadelphia has 440 sabres, and 326 pistols with the necessary accoutrements.

There is also in the arsenal at Harrisburg, a large amount of accoutrements and ammunition for artillery and small arms.

The Adjutant General is successfully engaged in collecting arms throughout the State, and it is expected that the number above stated will be largely increased. Probably, at least, 5,000 muskets and rifles and several pieces of artillery will still be collected.

The care which has been bestowed upon the comfort of the volunteers, and the goodness and sufficiency of their supplies of all kinds, and the excellent arrangements of the Medical Department under the control of Surgeon General Henry H. Smith, are proved by the fact that more than 60,000 men have been for various, generally short periods at Camp Curtin since the 9th of April last, and that down to the 1st of January instant, there died but forty-nine men at that camp, viz: Forty-four from sickness, two (belonging to regiments from other States,) who had been injured on railroads, two accidentally killed in Camp Curtin and one shot in Harrisburg.

To facilitate the making of allotments of their pay by our volunteers in the field for the support of their families at home, I appointed Hon. Edgar Cowan, Thomas E. Franklin and E. C. Humes, Esqs., commissioners to visit the camps of our men on and south of the Potomac, and also James Park and M. W. Beltzhoover, Esqs., commissioners to visit those in Kentucky and elsewhere in the western country, to call the attention of the troops to the system of allotment and to encourage them in adopting a practical plan for carrying it into effect.

The several reports of these commissioners are highly satisfactory.

For details on the several subjects connected with the military operations of this State, I refer to the reports of the Adjutant General, Surgeon General, Quartermaster General, Commissary General and Paymaster General which accompany this message.

The duties imposed on me were so onerous that I found it necessary to invite the temporary assistance of gentlemen on my staff to aid me to perform them.

In this capacity, Colonels Thomas A. Scott, Gideon J. Ball and John A. Wright contributed their valuable services from the middle of April until they were called away by other duties. Col. Scott remaining until he became connected with the War Department, Col. Ball until the 1st of June and Col. Wright until the 23d of July; for the time thus devoted to the service of the State they have refused to receive any compensation.

Colonels Joseph D. Potts, A. L. Russell, J. Brown Parker and Craig Biddle were in service up to the 20th of December. The Department of Telegraph and Transportation was under the exclusive control of Col. Potts. The system and economy of its management show how faithfully and well he fulfilled his office.

It is but just to all these gentlemen that I should bear testimony to the untiring zeal and fidelity with which their duties were performed.

The quota of the State having been more than filled, and her military force organized, I was enabled on the 20th of December last, to dispense with a personal staff, and the temporary arrangement which had been made for its employment was then closed.

By the thirteenth section of the act of the 15th of May, 1861, I was authorized to draw my warrants on the Treasury for a sum not exceeding $20,000 for compensation to such persons as might be required to serve the country in a military capacity, &c. Of this fund I have drawn from the Treasury $8,500, out of which I paid the compensation of my personal staff, also other expenses of the military department, and the actual expenses of persons employed on temporary service, none of whom received any further compensation, and expenses of the commissions appointed to investigate alleged frauds, &c., and the expenses of establishing military patrols on the Maryland line and $500 on secret service. My account is settled in the office of the Auditor General up to the 1st of December. On that day I had expended $6,400, and except some inconsiderable payments made since, the balance remains in my hands.

The report of the Auditor General will exhibit the items of the account.

An account of military expenditures by the State on behalf of the United States, as far as the same had then been ascertained and settled by the accounting departments here, was made up to the 1st day of September, 1861, and presented on the 12th of that month at the Treasury department of the United States for settlement and allowance. The sum of $606,000, has been received from the Treasury Department on that account. The re-payment by the General Government of the expenses attending the organization and support of the Reserve Corps, may not be provided for by any existing act of Congress. As these expenses were incurred by the State for the benefit of the General Government, and have been productive of results most important to the welfare and even safety of the country, it would be right that an act of Congress should be passed providing expressly for their re-payment. It lies with the Legislature to adopt the proper means for directing the attention of Congress to this subject.

Assurances have been received from the Treasury Department that the examination of the military accounts of the State will be proceeded in without delay, so that the State may receive a credit for the balance due, in time to apply the same towards the payment of her quota of the direct tax. Assuming the completion of this arrangement, if the State shall assume the direct tax for this year, a saving of fifteen per cent. will accrue to her, and no present increase of her taxation will be necessary.

Whether this credit be given or not, I recommend that the payment of the direct tax be assumed by the State.

In case the State assumes the payment of this tax there should be such re-

vision of the tax laws as will hereafter equitably apportion the burden among the various interests now subject or that can properly be made subject to taxation. The saving of fifteen per cent. to the people of the State by the assumption is a matter worthy of thought, but a more important consideration is that it will enable you who represent all the varied interests of the Commonwealth, to apportion the tax in such manner as to bear equally upon all. Our revenue laws had imposed on real and personal property as its full proportion, but little more than one-third of the taxes needed for the ordinary expenditures of the government. By the act of 15th May last, the tax on this species of property has already been increased one-sixth. Should the State refuse to assume the United States tax, the whole burden of it will fall upon these interests, interests too, most unfavorably affected by the war, whilst other kinds of property and other sources of revenue, judged by our laws able to pay nearly two-thirds of the present revenues of the State, would not be called on to contribute one dollar of additional tax.

The militia system of the Commonwealth is very imperfect. I recommend the establishment of a commission to frame and report a system more adequate to the exigency of the times.

I earnestly recommend to the Legislature that provision be made for the military instruction of youth. The appointment of a military instructor in the Normal schools, would in a short period give teachers to the common schools who would be competent to train the boys in attendance on them. It would in my opinion be wise also to provide for the purchase or leasing by the Commonwealth of a building for a military school, and for employing competent instructors, at the expense of the State, requiring the pupils to defray the other expenses. No pupil should be admitted to this school without having passed a thorough examination on mathematics and all fitting subjects of instruction except the military art proper. I respectfully urge this subject on your early consideration, as one of material perhaps vital importance.

I have taken measures to direct the efficient attention of the General Government to the fortification of the water approaches on the seaboard and the lakes, and arrangements are in the course of being effected which it is hoped will be satisfactory in their result.

I send with this message a copy of a communication from General Totten, Chief of the Military Engineer Department at Washington. I have also represented to the Secretary of the Navy the necessity for floating defences on the Delaware, and have his assurance that they shall be prepared at the earliest moment.

I have had a correspondence with the authorities and some of the citizens of Erie on the subject of the defenceless condition of that city, and the part of the State bordering on the lake. On examination it is found that there are no defences on the lake, and that the ordnance at the city of Erie was withdrawn by the National Government in the summer of 1861. The Secretary of the Navy, on a request made, directed that the crew of the United States steamer Michigan should not be disbanded, as has been usual, and that vessel will remain in the harbor of Erie during the winter. Should the National Government unexpectedly fail in its duty providing adequate defences at our assailable points, East and West, I earnestly recommend that the Legislature take prompt means for that purpose. We should be admonished, by recent indications from abroad, to be prepared for our own defence, as well as for the suppression of domestic insurrection.

In selecting a site for a National Armory, if the public good be alone considered, Pennsylvania will be preferred, as she affords the combined advantages of a central position, abundance of material and skilled mechanics, and a people of undoubted loyalty.

I commend to the attention of the Legislature the report of the Superintendent of the Public Schools, the flourishing state of which and the rapid progress of education are subjects of just congratulation.

The reports of the Lunatic Hospital at Harrisburg and of Western Pennsylvania, of the Houses of Refuge at Philadelphia and Pittsburg, of the Institutions for the Deaf and Dumb and for the Blind and the Northern Home for Friendless Children at Philadelphia, and of the Pennsylvania Training School for Idiotic and Feeble Minded Children at Media, show that these meritorious charities are well administered, and I recommend that the countenance and aid of the Commonwealth be continued to them.

Under the joint resolution of 16th May last, commissioners have been appointed to revise the revenue laws, whose names will be forthwith submitted for the advice and consent of the Senate. It is hoped that the commissioners will be able to report during the present session of the Legislature. Considering the great labor imposed on them, and the vast importance, at the present time, of an able and efficient performance of the duties of the commissioners, I suggest that the compensation provided for by the joint resolution should be increased to an adequate amount.

It was evident, long since, that it would be impossible for the banks to continue to redeem their obligations in coin, in the face of the large issues of paper, the necessity for which was imposed on them and the government by the exigencies of the times. No surprise, therefore, was felt at the suspension of specie payments by the banks, which took place on Monday, the 30th of December last. Under the circumstances, I recommend that they be relieved from all penalties for this breach of the law.

Pennsylvania has made great efforts to support the Government. She has given more and better clothed, and better equipped men than any other State, and has far exceeded her quota of the military levies. The sons of our best citizens, young men of education and means, fill the ranks of her volunteer regiments. Their gallant conduct, whenever an opportunity has been afforded to them, has done honor to the Commonwealth. The universal movement among our people, signifies that they are loyal to the Government established by their fathers, and are determined to quell the present insurrection and preserve the Union, and that they will not tolerate any plan for either the dissolution or re-construction of it.

A. G. CURTIN.

EXECUTIVE DEPARTMENT,
*Harrisburg, January* 8, 1862.

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